

Message Text

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TO SECSTATE WASH DC PRIORITY 0503

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PASS AID/PPC

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TAGS: OECD

SUBJECT: DRAFT GUIDELINES FOR REVISION 1976 PROGRAM AND
BUDGET OF DEVELOPMENT CENTER

REFS: (A) OECD PARIS 344; (B) STATE 010761; (C) STATE
298371 DATED 12/18/75; (D) OECD PARIS 2119; (E)
CD/AB(75)4 DATED 11/13/75

1. SUMMARY: THE SECRETARIAT HAS DISTRIBUTED FIRST
DRAFT OF GUIDELINES, BUT BECAUSE THEY ENTRUSTED THE
FIRST DRAFT TO THE DEVELOPMENT CENTER THESE GUIDELINES
WERE A DEFENSIVE RESTATEMENT OF THEIR POSITION, WITH VERY
LITTLE SPECIFICITY AS TO PRIORITIES AMONG CONCENTRATION
AREAS OR THE APPROACH WHICH THEY PROPOSED TO TAKE WITHIN
EACH CONCENTRATION AREA. IT IS PARTICULARLY DISTURBING
THAT THERE IS NOTHING IN THE DRAFT GUIDELINES TO INDI-
CATE THAT THE DEVELOPMENT CENTER TOOK ANY COGNIZANCE OF
OUR CONCERNS WITH THEIR APPROACH TO INDUSTRIALIZATION
AND TECHNOLOGY TRANSFER WHICH BOTH EXPLICITLY AND
IMPLICITLY ACCEPTS SOME OF THE MORE RADICAL NIEO CON-
CEPTS. IN SHORT, THE DOCUMENT AS PRESENTED WOULD GIVE
THE CENTER MAXIMUM LEEWAY TO CARRY ON AS BEFORE WITH A
MINIMUM OF INTERFERENCE. SEVERAL GOVERNMENTS REACTED
TO THIS, INCLUDING OUR OWN. DRAWING ON TELEGRAMS TO
DATE AND OUR CONVERSATION HERE WITH PAUL BOEKER, WE
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SUBMITTED THE DELEGATION'S COMMENT ON THE FIRST DRAFT

AND REQUESTED THAT A SECOND DRAFT BE PREPARED. THE FULL TEXT OF OUR RESPONSE IS BEING HAND-CARRIED TO EUR/RPE. A SUMMARY OF OUR COMMENTS FOLLOWS. ACTION REQUESTED: DEPARTMENT/AID VIEWS ON MISSION'S POSITION OUTLINED BELOW AND ADDITIONAL COMMENTS, IF ANY, IN TIME FOR INCORPORATION INTO SECOND DRAFT AND/OR USE AT FEBRUARY 12 EXECUTIVE COMMITTEE MEETING. END SUMMARY.

2. DRAFT GUIDELINES: MISSION FINDS CENTER'S DRAFT A DEFENSIVE RESTATEMENT OF ITS EARLIER POSITION CONTAINED IN REF (E) DOCUMENT. PAPER LISTS SAME THREE CONCENTRATION AREAS WITH VERY LITTLE SPECIFICITY AS TO PRIORITIES. PAPER DOES NOT SUGGEST RELATIVE WEIGHT TO BE GIVEN AMONG AREAS OF CONCENTRATION NOR THE APPROACH WITHIN EACH AREA. THE DRAFT, IF APPROVED, WOULD GIVE THE CENTER MAXIMUM LEEWAY TO CARRY ON AS IT HAS IN THE PAST WITH THE MINIMUM OF INTERFERENCE. THE CENTER'S DRAFT COMPLETELY OMITTED ANY REFERENCE TO OUR CONCERNS WITH RESPECT TO RESEARCH PROGRAMS WHICH CATER TO CERTAIN NIEO APPROACHES TO THE AREAS OF INDUSTRIALIZATION AND TRANSFER OF TECHNOLOGY, SUCH AS REDEPLOYMENT OF INDUSTRY BY NEGOTIATION.

3. SEVERAL DELEGATIONS, INCLUDING OUR OWN, HAVE FORWARDED COMMENTS ON THE GUIDELINES TO THE CENTER. OUR COMMENTS ON THE DRAFT INCORPORATE POINTS MADE BY ASST. SECRETARY PAUL BOEKER AND DEPARTMENT/AID/W SUGGESTIONS CONTAINED IN REFTELS (B) AND (C) AS FOLLOWS:

(A) DRAFT GUIDELINES ESSENTIALLY A RESTATEMENT OF SAME PRINCIPLES AND PROGRAMS PREVIOUSLY STATED IN CENTER DOCUMENT CD/AB(75)4.

(B) WE AGREED THAT CENTER SHOULD MAINTAIN ITS INTELLECTUAL AUTONOMY, BUT AS INDICATED IN ITS MANDATE (C(71)135), THE CENTER'S PRIMARY RESPONSIBILITY IS TO THE ORGANIZATION AND ITS MEMBER GOVERNMENTS.

(C) CONCENTRATION AREAS: WE SUGGESTED THAT THE GUIDELINES SHOULD MORE CLEARLY SET FORTH A RESEARCH STRATEGY EMBODYING A CLEARLY-DEFINED ORDER OF PRIORITIES;
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THE STRATEGY SHOULD INDICATE THE PORTION OF THE CENTER'S RESOURCES TO BE DEVOTED TO EACH CONCENTRATION AREA.

(D) MOST OF CENTER'S WORK SHOULD BE ON LONG-TERM DEVELOPMENT ISSUES; HOWEVER, CENTER'S WORK SHOULD NOT OVERLOOK MORE IMMEDIATE POLICY PROBLEMS IN THE CONTEXT OF THE DIALOGUE. IN DEVELOPING FUTURE PROGRAMS, THE CENTER SHOULD REMAIN FIRMLY GROUNDED IN THE BASIC

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ECONOMIC ORIENTATION OF OECD COUNTRIES -- THE MARKET-ORIENTED INTERNATIONAL ECONOMIC SYSTEM -- AND ITS PROGRAMS SHOULD REFLECT METHODS MAKE THIS SYSTEM FUNCTION BETTER.

(E) INDUSTRIALIZATION: CENTER SHOULD BE GUIDED PRIMARILY BY POLICY APPROACHES OF THE DEVELOPED COUNTRIES AND NOT PROCEED FROM ANY ACCEPTANCE OF THE IDEOLOGICALLY-BASED DEMANDS OF THE LDC'S. WE STATED THAT WE COULD ACCEPT THAT THIS AREA BE GIVEN HIGHEST PRIORITY, BUT WOULD LIKE TO SEE GREATER RELEVANCE OF EFFORTS TO OECD-COUNTRY POSITIONS. EXAMPLES OF POSSIBLE TOPICS FOR STUDY WERE DRAWN FROM REFTEL (C), INCLUDING RESEARCH AIMED AT SHEDDING LIGHT ON THE KIND OF INSTITUTIONS WHICH WOULD BE USEFUL TO DEAL WITH LDC CONCERNS WITH REGARD TO INDUSTRY AND ENERGY, CREATION AND IMPROVEMENT OF CAPITAL MARKETS AND CAPITAL MARKET ACCESS; IMPROVING THE PRIVATE INVESTMENT CLIMATE IN THE LDC'S; HOW MULTILATERAL TRADE NEGOTIATIONS MIGHT ASSIST IN THE INDUSTRIALIZATION PROCESS; THE COST EFFECTIVENESS OF ALTERNATIVE INDUSTRIAL TRAINING PROGRAMS; AND PROBLEMS OF SMALL-SCALE INDUSTRIAL DEVELOPMENT IN LDC'S. WE MENTIONED THAT WE WOULD FAVOR CONTINUED WORK BY THE CENTER ON DEVELOPMENT OF INDIGENOUS INDUSTRIAL CONSULTING

FIRMS IN LDC'S.

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(F) ALLEVIATING MASS POVERTY: MISSION QUESTIONED
CONCENTRATION ON RURAL POVERTY AND SUGGESTED THAT CENTER
MIGHT CONSIDER IDENTIFICATION OF PROGRAMS TO HELP ALLE-
VIATE MISERY AND SPREAD ECONOMIC BENEFITS TO BOTH RURAL
AND URBAN POOR. WORK IN THIS AREA RELATES TO THE WELL-
KNOWN MAJOR PROBLEM IN LDC'S THAT THE BENEFITS OF ECO-
NOMIC GROWTH DO NOT AUTOMATICALLY TRICKLE DOWN TO THE
MASSES, SO THAT THE CREATION AND IMPLE-
MENTATION OF POLICIES AND PROGRAMS TO ASSURE THAT THE
POOREST BENEFIT ARE ESSENTIAL.

(G) PLANNING AND MANAGEMENT OF DEVELOPMENT PROGRAMS:
WE QUESTIONED WHETHER THIS SHOULD BE IDENTIFIED AS
SEPARATE CONCENTRATION AREA AND SUGGESTED THAT PROGRAMS
IN THIS AREA SHOULD BE DIRECTLY TIED TO THE PRIORITY
AREAS OF INDUSTRIALIZATION, ALLEVIATION OF MASS POVERTY
AND AGRICULTURAL DEVELOPMENT.

(H) WE ASKED THAT SERIOUS CONSIDERATION BE GIVEN
TO PROGRAMS TO INCREASE AGRICULTURAL OUTPUT AND IMPROVE
FOOD DISTRIBUTION AS A CONCENTRATION AREA. WE BELIEVE
THAT THERE IS MUCH POTENTIALLY PRODUCTIVE RESEARCH WORK
THAT COULD BE UNDERTAKEN IN FOOD STORAGE AND MARKETING;
THE DEVELOPMENT AND ACCEPTANCE OF TECHNOLOGIES SUITABLE
FOR THE MASSES OF SMALL FARMERS; CREATION AND IMPROVEMENT
OF INCENTIVES TO GROW MORE FOOD; AND THE IMPROVEMENT OF
RURAL INFRASTRUCTURE DIRECTLY RELATED TO AGRICULTURAL
NEEDS. SOME SPECIFIC TOPICS WHICH MIGHT BENEFIT FROM
STUDY BY THE CENTER INCLUDE: AGRICULTURAL LABOR SUPPLY;
THE EVALUATION OF AGRICULTURAL DELIVERY SYSTEMS; STUDIES
AND EVALUATION OF ODA-FINANCED AGRICULTURAL PROGRAMS;
AND AGRICULTURAL PRICING POLICIES TO ACCOMMODATE BOTH
CHEAP FOOD PRICES AND PRODUCTION INCENTIVES FOR RURAL
PRODUCERS. WE INDICATED STUDIES IN WATER USE AND MANAGE-
MENT PROPOSED BY THE CENTER (PARAGRAPHS 10 AND 14(C))
MIGHT BE APPROPRIATE.

(I) AGREED WITH CENTER ON POTENTIAL RELEVANCE OF
AN ENERGY TOPIC AS WELL AS IN AREA OF COMMODITIES BUT
SUGGESTED THAT BEFORE LAUNCHING STUDIES IN THESE AREAS,
CENTER SHOULD BENEFIT BY DISCUSSION WITH EXPERTS TO
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ASSURE COMPLEMENTARITY AND MINIMUM OVERLAP.

(J) IN CONCLUSION, MISSION SUGGESTED SEVERAL WAYS TO DEVELOP BROADER, MORE CONTINUOUS, AND SYSTEMATIC CONTACTS WITH OTHER OECD BODIES AND MEMBER GOVERNMENTS. FOR EXAMPLE, ON AN ANNUAL BASIS, AND AT OTHER INTERVALS AS MAY BE APPROPRIATE, THE CENTER COULD PRESENT TO APPROPRIATE BODIES OF THE ORGANIZATION REPORTS ON OBJECTIVES, PRIORITIES AND PROGRAMS, PROVIDING SUFFICIENT INFORMATION TO DEFINE CLEARLY THE PROBLEMS BEING ADDRESSED AND THE CONTRIBUTIONS TO THE SOLUTION OF SUCH PROBLEMS THAT ARE EXPECTED TO RESULT FROM THE CENTER'S EFFORTS. IN THIS REGARD, IT SHOULD PROVIDE INFORMATION ON THE PROBABLE USE, AND USERS, OF RESEARCH RESULTS. THE CENTER ALSO COULD PROVIDE SCHEDULES AND SUMMARIES OF ALL ITS MEETINGS AND SEMINARS ON A TIMELY BASIS WELL IN

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ADVANCE OF THE MEETINGS, AS WELL AS LISTS AND COPIES OF ALL PUBLICATIONS, AND GENERALLY TAKE STEPS TO INSURE THAT MEMBER COUNTRIES ARE FULLY AWARE OF THE PROGRAM A REASONABLE TIME IN ADVANCE OF ITS EXECUTION. THE PUBLICATION OF A DOCUMENT AKIN TO AN "ANNUAL REPORT," COVERING BOTH THE PROGRAM AND THE BUDGET, ALSO MIGHT BE CONSIDERED.

(K) WE PROPOSED THAT GUIDELINES INDICATE THAT THE

1976 BUDGET FROM CENTER NOT EXCEED THE GROWTH OF THE BUDGET OF THE ORGANIZATION AS A WHOLE.

4. ABOVE COMMENTS ALONG WITH THOSE FROM OTHER DELEGATIONS EXPECTED TO BE REVIEWED BY SECRETARIAT AND INCORPORATED IN A SECOND DRAFT FOR CONSIDERATION BEFORE GOING TO EXECUTIVE COMMITTEE FOR DISCUSSION FEBRUARY 12.

5. MISSION APPRECIATES ANALYSIS AND COMMENTS CONTAINED IN REFTELS ON SUBSTANCE OF CENTER PROGRAMS AND FOUND THEM HIGHLY USEFUL IN PREPARING OUR COMMENTS ON DRAFT GUIDELINES. COMPLETE TEXTS OF FIRST DRAFT OF GUIDELINES AND FULL TEXT MISSION'S COMMENTS WILL BE HAND-CARRIED TO EUR/RPE. MISSION REQUESTS ANY ADDITIONAL GUIDANCE OR SUGGESTIONS BE FORWARDED SOONEST. WE EXPECT SECOND DRAFT WHICH IS NOW UNDER INTERNAL DISCUSSION IN SECRETARIAT TO BE DISTRIBUTED SOON.

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